

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al Debtors	§ § § § §	Chapter 11 Jointly Administered Case No. 01-1139 (JJF)
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**FEE AUDITOR'S FINAL REPORT REGARDING
INTERIM APPLICATION OF KLETT ROONEY LIEBER AND SCHORLING
FOR THE FIRST INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates ("Smith"), acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the First Interim Application of Klett Rooney Lieber and Schorling (the "Application").

BACKGROUND

1. Klett Rooney Lieber and Schorling ("Klett") was retained as Co-Counsel to the Official Committee of Equity Holders. In the Application, Klett seeks approval of fees totaling \$9,637.50 and expenses totaling \$2,969.43 for its services from October 1, 2001 through December 31, 2001.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time entries included in the exhibits to the Application, for compliance with the Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the

District of Delaware, and the Third Circuit Court of Appeals. We served on Klett an initial report based on our review, and received a response from Klett, portions of which are quoted herein.

DISCUSSION

General Issues

3. In our initial report we noted that the Application did not state the per-page copy and facsimile costs. Thus we asked Klett to please provide this information in the future. Klett responded that its per-page copy charge is \$.15 and its outgoing facsimile charge is \$.75 per page. Both of these charges are within the limits provided by the Guidelines.

Specific Time and Expense Entries

4. In our initial report we noted that Klett professional TC billed 2.0 hours for a cost to the bankruptcy estate of \$395 for attending a committee meeting. Although the fee amount was not significant, Kramer Levin Naftalis & Frankel, LLP (Klett's co-counsel) also had professionals in attendance. Thus we asked Klett to please advise why it was necessary to attend the committee meeting which was already covered by Kramer. Klett responded as follows:

Separately, Phil Bentley of Kramer Levin specifically asks me to attend each and every Committee meeting, although we have relatively few of them, in order to share my Delaware expertise gleaned from appearing before these judges regularly, as well as my perspective from other asbestos bankruptcy cases that I handle. Phil and the Committee request my participation for this "value added," as well as for the Delaware counsel requirement.


We believe this explanation adequately addresses our concern.

CONCLUSION

5. Thus, we recommend approval of fees totaling \$9,637.50 and expenses totaling \$2,969.43 for Klett's services from October 1, 2001 through December 31, 2001.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES


By: 
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 18th day of October, 2002.


Warren H. Smith

SERVICE LIST

Notice Parties

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